

P 101518Z JUL 06  
FM SECSTATE WASHDC  
TO AMEMBASSY BEIJING PRIORITY  
INFO AMEMBASSY BERLIN PRIORITY  
AMEMBASSY LONDON PRIORITY  
AMEMBASSY MOSCOW PRIORITY  
AMEMBASSY SEOUL PRIORITY  
AMEMBASSY TOKYO PRIORITY  
AMCONSUL CHENGDU PRIORITY  
AMCONSUL GUANGZHOU PRIORITY  
AMCONSUL HONG KONG PRIORITY  
AMCONSUL SHANGHAI PRIORITY  
AMCONSUL SHENYANG PRIORITY  
NSC WASHINGTON DC PRIORITY 0000  
DEPT OF TREASURY WASHINGTON DC PRIORITY  
USMISSION UNVIE VIENNA PRIORITY  
AIT TAIPEI PRIORITY 0000  
DEPT OF COMMERCE WASHINGTON DC PRIORITY

S E C R E T STATE 113089

E.O. 12958: DECL: 07/06/2021  
TAGS: [KNNP](#) [PARM](#) [PREL](#) [CH](#) [KN](#) [IN](#) [IR](#) [PGOV](#)

SUBJECT: JUNE 7 U.S.-CHINA CONSULTATIONS ON ARMS CONTROL  
AND NONPROLIFERATION

REF: A. A. 05 STATE 208661  
[1](#)B. B. 05 BEIJING 13326  
[1](#)C. C. 05 BEIJING 13327  
[1](#)D. D. 05 BEIJING 13328  
[1](#)E. E. 05 STATE 207039  
[1](#)F. F. 05 BEIJING 20109  
[1](#)G. G. 05 BEIJING 20110  
[1](#)H. H. 05 BEIJING 20008  
[1](#)I. I. STATE 74953  
[1](#)J. J. STATE 95206

Classified By: ISN Acting Assistant Secretary Francis C. Record for  
Reasons 1.4 (B) and (D).

#### Summary

-----

(S) Acting Assistant Secretary of State for International Security and Nonproliferation Frank Record and Chinese Foreign Ministry Director General for Arms Control Zhang Yan met June 7 in Washington for the latest round of bilateral nonproliferation dialogue. This session was a follow-on to arms control and nonproliferation talks held between AA/S Stephen Rademaker and DG Zhang on November 1, 2005 (ref A). While export controls, onward proliferation cases, strategic modernization, regional matters (Iran, North Korea, India, and the ASEAN Regional Forum), and arms control issues (Fissile Material Cut-Off Treaty, Biological Weapons Convention Review Conference, Convention on Conventional Weapons, and the pace of destruction of chemical weapons under the Chemical Weapons Convention) were discussed, Executive Order 13382 dominated the meeting. While Zhang shared information on recent efforts to strengthen China's export controls and provided examples of export enforcement actions, he did not offer any information on specific actions taken against the ten serial proliferators that the USG had identified in previous E.O. 13382 discussions. Record informed Zhang that the designation process would move forward, and that the U.S. would be in touch with China within the next week. (Note: On June 13, the Treasury Department announced the E.O. 13382 designations of Beijing Alite Technologies Company, Ltd. (ALCO), LIMMT Economic and Trade Company, Ltd., China Great Wall Industry Corporation (CGWIC), and China National Precision Machinery Import/Export Corporation (CPMIEC), ref J. End note.) Zhang noted that Beijing would host a workshop on implementation of UN Resolution 1540 in mid-July, as well as an export controls seminar, funded in part by the EU, in the near term. On transparency and modernization issues, DG Zhang and Senior Colonel Zhou Bo (Ministry of National Defense, PLA Air Force)

spoke fairly optimistically about the evolution of Chinese thinking. Zhang acknowledged that in the past Beijing had not been very forthcoming, but suggested Secretary Rumsfeld's 2005 visit to Second Artillery Headquarters may be a watershed event,<sup>8</sup> proclaiming that U.S. patience will be paid off.<sup>8</sup> Zhou characterized Chinese thinking on the issues as evolving in the right direction, though such developments take time.<sup>8</sup> Record expressed hope that progress on these issues would be made in the 8th U.S.-China Defense Consultative Talks scheduled for June 8-9. Overall, Zhang voiced general support for U.S. nonproliferation objectives, but took issue with our tactics and general approach. Despite divergent views on many of the topics discussed, both sides agreed to look for ways to increase cooperation in areas of shared concern, and to take steps to improve mutual understanding and cooperation.

#### Executive Order 13382

-----

(S) Following up on the August, November and December 2005 U.S.-China consultations on Executive Order 13382 (Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters<sup>8</sup>) (refs B-H), AA/S Record reaffirmed the USG commitment to working cooperatively with China to address serious U.S. concerns about the continued evasion of China's export controls by certain Chinese companies. Record made clear however, that the United States had not, to date, received the necessary assurances that China has adequately taken specific, effective steps to stop the proliferation activities of serial Chinese proliferators. He repeatedly requested DG Zhang to share specific export enforcement steps China was taking against the ten serial Chinese proliferators that have been the subject of E.O. 13382 consultations, and to what extent China was implementing the export control measures the USG had suggested in August 2005 (refs B, C, E, H). Record further urged Beijing to strengthen\*and publicize\*enforcement measures, and also address shortcomings in PRC licensing practices, catch-all controls, and end-user verification checks.

(S) AA/S Record continued that the USG is also interested in learning about actions China is taking to protect its financial sector from being used to assist proliferators. He reminded China that the U.S. had conveyed in May concerns that North Korea, Iran and Syria were using Chinese banks to further their proliferation activities (ref I). He encouraged DG Zhang to ensure that financial institutions in China do not facilitate and/or support the activities of proliferation entities of concern, including those the U.S. has designated under E.O. 13382.

(S) DG Zhang lamented that the U.S. still put China in the &proliferators<sup>8</sup> category, and referred to AA/S Record's points as another example of the U.S. trying to exert pressure on China. He urged the U.S. to change its mentality on China, warning that the U.S. view of China as &bad students<sup>8</sup> may complicate future cooperation. Zhang stated that as a developing country, China was new to the export controls process, but assessed that Beijing was &moving in the right direction and at an impressive pace.<sup>8</sup> With respect to U.S. suggestions on export control measures, he stated Beijing would carefully and seriously consider the ones it found useful, but would disregard those it judged to be inconsistent with Chinese policies.

(S) DG Zhang claimed that, in fact, Beijing had already taken significant export control steps over the past several months, including some very specific actions on North Korea and Iran that have produced complaints from both countries. However, Zhang maintained that he would not be able to share with the U.S. all of what China has done in order to protect the China-Iran and China-North Korea bilateral relationships. When pressed by AA/S Record to describe the steps Beijing had taken, Zhang briefly described the &internal emergency contingency mechanism<sup>8</sup> consisting of the Ministries of Foreign Affairs, Commerce, State Security, and General

Administration of Customs, used to address export control cases. Zhang claimed that any company found to be in violation of Chinese export control laws would be severely fined and/or punished. He also shared that in May he called a meeting of the managing directors of the ten entities to inform them of U.S. concerns. Record welcomed this step, but pointed out that many companies engaging in proliferation use denial and deception to avoid detection. DG Zhang countered that he did not believe China's state-owned companies could evade PRC export control laws, though some private individuals may be able to do so.

(S) AA/S Record expressed disappointment at the lack of information provided by the Chinese on the ten entities, and informed DG Zhang that nothing in the day's discussions had changed the USG position that there continued to be a need for more rigorous and consistent implementation of specific, effective export control steps against Chinese serial proliferators. He reminded Zhang that the U.S. had originally informed China that we needed corrective action by the end of November 2005, but that we are now long past that time. Record indicated the USG designation process would move forward, and that the U.S. would be in touch with China within the next week. (Note: On June 13, the Department of the Treasury announced the E.O. 13382 designations of Beijing Alite Technologies Company, Ltd. (ALCO), LIMMT Economic and Trade Company, Ltd., China Great Wall Industry Corporation (CGWIC), and China National Precision Machinery Import/Export Corporation (CPMIEC), ref J. End note.)

#### Open Cases

-----

(S) AA/S Record then moved to a discussion of onward proliferation cases where the U.S. is still awaiting PRC responses. He passed to DG Zhang a non-paper listing those cases and asked for an update on the PRC's investigations. Zhang stated that some cases have been resolved and acknowledged that others are still being processed. He explained that PRC investigations require a lot of resources and time, and that if China has not yet provided the U.S. with a clear answer, then China is still working on the case.

Zhang also repeated previous requests for the U.S. to provide more precise information on cases. Dandong Xinshidai Trading Company Ltd.

(S) DG Zhang said that China had already informed the U.S. that its investigation into Dandong Xinshidai Trading Company Ltd. did not reveal any illegal activities. (Note: Department officials have no record of this. End note). Zhang said China needed more information to substantiate U.S. information that the Chinese company had shipped missile-useful stainless steel bars to North Korea. Bellamax United Trading Company

(S) DG Zhang reported that in response to U.S. information, China immediately organized an interagency task force to keep a close watch on Bellamax and Hong Kong Pyramid Trading Company. He explained that both companies have a complicated background, as one is North Korean and the other is Chinese, and they are somehow related. However, he maintained that Chinese authorities so far have no proof that either company has engaged in illegal activities and noted that China will not be lenient should illegal activities be discovered.

(S) DG Zhang also claimed that while the U.S. had provided information on Bellamax's location, name, etc., China had not received any specific information on the commodities involved in the case. ISN/MTR Director Pamela Durham said that the U.S. had provided such information, and agreed to retransmit all the information we previously have provided China in this case (septel).

Potassium Bifluoride

(S) DG Zhang reported that in December 2005, China acted upon information provided by the U.S. and Israel that a South Korean company was supplying potassium bifluoride to Iran through China. (Note: Potassium bifluoride is a precursor for nerve agents and also has nuclear-related uses in uranium conversion and uranium hexafluoride (UF6) production. End note.) While the ship carrying the chemicals had already left Shenzhen, it was stopped later in Singapore. China found that the ROK company, Yullin Technology Corporation, violated its end-use agreement and attempted to transfer the chemicals to Iran without PRC knowledge. As a result, China's Ministry of Commerce (MOFCOM) will not approve the export of any chemical compounds to Yonglin Technology or any export applications listing Yonglin Technology as the end-user. According to Zhang, the ROK also imposed penalties on Yonglin Technology.

#### Beijing Huayun International Trading Company

(S) DG Zhang stated that after reviewing Beijing Huayun's transactions over a long period of time, Chinese authorities found no evidence that Beijing Huayun had received a request from the DPRK for chemicals. Thus, Zhang concluded, no export of chemicals to the DPRK took place. When AA/S Record raised the possibility that an export could have occurred absent written documentation from the North Korean customer and without PRC knowledge, Zhang insisted that would be impossible as the Chinese company's leadership would face severe penalties.<sup>8</sup>

#### Shanghai Abochem Chemical Company, Chembay, CPMIEC

(S) With regard to U.S. information about Syrian interest in purchasing CBW-useful chemicals from various Chinese firms, including Shanghai Abochem Chemical Company, Chembay, and China Precision Machinery Import/Export Corporation (CPMIEC), DG Zhang responded that PRC authorities could not identify Chembay and have requested CPMIEC to report all of its activities falling within a certain period of time. He did note, however, that PRC authorities had located Shanghai Abochem but did not find that it had exported chemicals to Syria. Zhang indicated that investigations are still in progress and pledged to keep the USG informed.

#### Gao Yiming, Aluminum Production Line

(S) AA/S Record shared with DG Zhang new information regarding Chinese national Gao Yiming's efforts to supply Pakistan's unsafeguarded nuclear program with an aluminum production line that could assist Pakistan's development of an indigenous capability to manufacture uranium centrifuge components. Record urged China to re-double its efforts to stop the transfer given our very serious concerns that the window to stop this export is closing. (Note: Non-paper containing the new information will be provided to Embassy Beijing via septel.) Zhang promised to relay the new information to the appropriate law enforcement agencies in Beijing.

#### PRC Law Enforcement Actions

(S) DG Zhang then turned to specific export enforcement actions that China had taken on its own without cooperation from foreign governments. In the first case, initially reported in ref E, China discovered in June 2004 that a Korean individual and some Chinese citizens attempted to smuggle a three-axis test bench to the DPRK. China's General Administration of Customs confiscated the equipment and determined that it was a controlled item that could be used to test missile guidance systems. In August 2005, a Chinese court sentenced one person to nine years imprisonment and confiscated 100,000 RMB in personal property; a second person was sentenced to eight years imprisonment and fined 130,000 RMB. While China has not made this case public, it is looking into whether it can publish something about this case on the internet. The U.S. welcomed this effort and noted that publicizing penalties imposed on companies that violate

China,s export controls can serve as deterrent to other firms to not violate Chinese law.

(S) In another case, first reported in ref H, authorities in Jilin province stopped and confiscated an illegal 10 ton export of sodium cyanide to the DPRK by Tumen Chemistry Light Industry Company (Tumen Shi Huaxue Qinggongye Gongsi). When the company failed to pay the 50,000 RMB fine, Jilin officials seized the manager,s house. This case is published on the National Development and Reform Commission,s (NDRC) website and is being used by Jilin officials as an example in export controls and industry outreach efforts.

(S) In a third case, Shanghai Customs discovered a shipment of zirconium powder to Iran that was identified by a harmonized system code (HS code) that did not match the HS code for the actual commodity. Because of this discrepancy, Chinese authorities confiscated the goods and issued a warning to the Chinese company.

(S) DG Zhang also noted that Chinese firms have been working around Chinese controls on certain types of graphite. To address this issue, the State Council has approved a new requirement to license all exports of graphite and graphite-related items.

#### Export Controls

(S) DG Zhang noted that in January 2006, the PRC implemented new measures to regulate the export of dual-use goods and technology. Furthermore, China is revising its controls on nuclear exports and nuclear-related dual-use items to match the current NSG Trigger List and Dual-Use Annex. China is also revising its control lists on dual-use biological agents and related technologies, said Zhang, and the revisions have already been submitted to the State Council for approval.

(S) Specifically on graphite, Zhang stated that China has found its regulations insufficient because Chinese companies have been exporting graphite that fall below the control thresholds. At the end of May 2006, the State Council approved new administration measures that will require a license for any export of graphite, reported Zhang. He said that the new measures would be published &soon8 and interim measures are currently in place.

(S) General comments were also exchanged on export controls, with AA/S Record acknowledging that China had taken some steps thus far, but emphasizing that enforcement and implementation were still key areas lacking in China, and that more needed to be done to bring Chinese export controls up to international standards. DG Zhang suggested intensifying information exchanges on specific cases and strengthening cooperation in training, law enforcement, and personnel. He shared that Beijing was receptive to workshops sponsored by the Export Control and Related Border Security (EXBS) program tentatively planned for September/October in Beijing, at which U.S. experts would be welcome. Zhang also highlighted China-EU cooperation, and announced that the EU had agreed to provide funds for an export controls seminar in Beijing in the near future. A workshop on implementation of UN Resolution 1540, scheduled for mid-July in Beijing, is another China nonproliferation effort. Zhang repeated that it was important for the U.S. to create a &good atmosphere,8 and called for the U.S. to be &sensitive and cautious,8 stressing that Washington should refrain from taking punitive measures, as that would damage U.S.-China efforts and be &totally counterproductive.8

(S) DG Zhang noted that China wants U.S. support for its bid to join the Missile Technology Control Regime and pointed out that his country is willing to follow all MTCR-related control lists. He also expressed great concern regarding the U.S. decision to implement Wassenaar Arrangement catch-all

controls. He stated that such concerns were expressed at the Bush-Hu meeting, and that President Bush had stated that the U.S. wanted to promote our bilateral trade and commercial relationship. Zhang welcomed an offer by the U.S. Commerce Department to have timely and frank bilateral discussions before formal implementation of the catch-all proposals.

(S) Responding to DG Zhang's request that the U.S. not take action without careful consideration, AA/S Record assured Zhang that such consideration had been undertaken, and that U.S. regulatory changes were aimed at improving verification and monitoring. Record reiterated that the provisions were still under review and that the State Department was working closely with the Commerce Department.

(S) The Energy Department's Acting Assistant Deputy Administrator Cindy Lersten expressed DOE interest in developing tools such as a technical guide on WMD commodities to further assist Chinese nonproliferation efforts. She highlighted safeguards as a good start and looked forward to more cooperation, offering to address any particular requests for assistance Beijing may have. DG Zhang expressed gratitude for Lersten's offer, and lauded DOE cooperation as being very productive, adding that, "ongoing and further assistance would be welcomed with open arms." AA/S Record applauded good U.S.-China cooperation, and added that he hoped to achieve the same success with the EXBS program. ISN/ECC's Kathy Crouch announced that the State Department now has funding to provide more comprehensive training that complements DOE's on-going efforts.

#### Strategic Modernization

-----

(S) AA/S Record stated that the U.S. welcomes the emergence of a confident, peaceful, and prosperous China, but is concerned about China's military buildup, and the lack of transparency surrounding Beijing's efforts to modernize and enhance the capabilities of its armed forces. Record urged China to be more forthcoming about its modernization program, and stated that it was in China's interest to do so as a responsible stakeholder in the international system. While he recognized the publication of Chinese Defense White Papers as an important step, Record noted that the papers include very little on nuclear or strategic issues. Record encouraged China to engage in a candid and open dialogue with the U.S. on defining transparency,<sup>8</sup> and welcomed any discussion by the Chinese of general directives and trends underlying China's strategic modernization efforts.

(S) Ministry of National Defense (MND) Senior Colonel Zhou Bo stated the MND was making great efforts to be more transparent, and highlighted the biannual publication of defense White Papers as evidence of such improvement. He noted that the White Papers were even cited by U.S. experts in USG reports, and acknowledged that the last scheduled White Paper was not published due to internal debate within the Chinese government. Zhou stated that most documents the U.S. considers public are confidential within the Chinese government, but noted there was some change in this mindset, which he characterized as evolving in the right direction, though such developments take time.<sup>8</sup> With respect to the nuclear issue, Zhou cited Defense Secretary Rumsfeld's 2005 visit to Second Artillery Headquarters as an unprecedented event. He also referenced PACOM Admiral Fallon's May visit to the 8th Division, Eastern, and Southern fleets as another exercise in transparency, permitting Fallon a close look at China's new domestically produced Fighter Bomber 7, which Zhou indicated was a total rework of the Navy Bomber 7. Zhou also mentioned that the agenda of the June 8-9 Defense Consultative Talks in Beijing included topics such as the future of China's military and its nuclear buildup.

(S) DG Zhang noted great U.S. concern about strategic modernization, particularly on the nuclear issue. He pointed to China's Article VI commitment to eliminate all nuclear weapons and continued adherence to a No First Use<sup>8</sup> policy,

and underscored the small size and defense-oriented nature of China's nuclear force. Zhang stated that Beijing intends to stay at this level and not engage in an arms race, and assured AA/S Record that it was &very difficult to fathom a Chinese attack on any state, let alone the U.S. He also stated that China had already signed the CTBT and was actively working to ratify the Treaty, which is already in Congress, and further noted China's agreement to a moratorium on nuclear tests before the Treaty even entered into force. He highlighted U.S. information indicating China's halting of fissile material production, and reiterated Beijing's adherence to the 1998 U.S.-China understanding not to target weapons at each other. Zhang insisted Beijing is making efforts in all fields to improve transparency as China too wanted to minimize misinformation and concerns, but continued that much depended on the overall bilateral relationship and general atmosphere. He urged the U.S. to be constructive by stopping reports generated on &baseless information, a reference to the 2006 Defense Department Report to Congress on the Military Power of the People's Republic of China.

(S) AA/S Record stated that the U.S. wanted to continue dialogue in this area and asked Beijing to inform Washington if/when U.S. information was found to be inaccurate, and expressed hope that clarification on some of these items may take place in the DCT. Record then referenced a set of strategic modernization questions initially passed by then Acting Assistant Secretary Stephen Rademaker to Director General Liu Jieyi in February 2004, but for which a Chinese reply was never received. Zhang acknowledged that in the past China had not been forthcoming, but suggested the Rumsfeld visit may be a &watershed event, a proclaiming that &U.S. patience will be paid off.

(S) VCI DAS Chris Ford asked how China responds to criticisms from non-P-5 countries regarding Chinese compliance with Article VI of the NPT. DG Zhang stated that if all states agreed tomorrow to eliminate nuclear weapons, China would do it, but that such an understanding did not seem possible. Instead, he suggested action be taken to minimize the role of nuclear weapons in military doctrine, and to maintain the unity of nuclear weapon states.

Regional Issues: Iran, North Korea,  
U.S.-India Nuclear Cooperation, and ARF

-----

#### Iran

(S) Stating that it was critical to avoid a nuclear Iran &at all costs, AA/S Record emphasized that the issue of WMD proliferation to Iran was of utmost importance to the U.S., and urged China to help press Iran to accept the P5 1 offer. He stated that the U.S. was willing to give Iran weeks, not months, to make a decision, and that the next step must be UNSC sanctions if Tehran rejected the offer.

(S) DG Zhang stated that China's position on Iran was not a question of political will, but of capability and resources, as China simply did not have the same resources and intelligence capabilities as the U.S. to devote to the issue. Zhang acknowledged that it was time for Tehran to make a choice, and welcomed the U.S. offer to negotiate with Tehran if Iran suspends enrichment activity, calling it an important and &correct step. Acknowledging the significance of the U.S. offer, Zhang offered: &They may not say it, but Iran knows your weight. He stated that China is seriously considering the U.S. invitation to join the negotiations. With respect to the UNSC, Zhang warned that the UNSC must be used cautiously, and that Beijing hoped the matter would not be taken up by the body; however, he stated that Beijing would &act responsibly if a Security Council situation arises. Zhang again stressed P5 unity and finding a diplomatic solution, and added that China would talk with the Iranians in an effort to persuade them to be cooperative.

## North Korea

(S) Responding to AA/S Record,s mention of the possibility of a DPRK missile/space vehicle launch, Zhang stated that Beijing &consulted closely on this issue at a very high level.8 Addressing doubts by &some8 that the PRC is not serious about a nuclear-free Korean peninsula, Zhang stated that Beijing sees itself as a &main player,8 but not the &ral player8 in the Six-Party Talks, and lamented China,s inability to &do anything8 due to DPRK and U.S. positions on U.S. defensive measures. Zhang warned that it was a &grave mistake8 for the U.S. to wait for the DPRK to return without offering some sort of &compromise action8 to Pyongyang. He further called on the U.S. to prioritize nuclear and financial issues; while China supported in principle U.S. action to protect the U.S. financial system, Beijing feels that such a concern, while legitimate, should nevertheless be secondary to the nuclear issue. He cited the Administration,s placement of counterterrorism and nonproliferation as priorities, and remarked that the U.S. should follow that policy.

(S) AA/S Record clarified that the U.S. saw the financial defensive measures as actions pursuant to U.S. law and that it was not an &either or8 situation with respect to pursuing defensive measures and denuclearization of the Korean peninsula. ISN/RA,s Eliot Kang observed that, given the small scale of defensive measures, the DPRK was seizing upon the issue as an excuse to delay returning to negotiations about which it may not be serious. DG Zhang countered by stating that the U.S. was giving the DPRK excuses to stay away from the talks, but concurred with AA/S Record on the need to remain united on this issue.

## U.S.-India Nuclear Cooperation

(S) DG Zhang questioned whether the U.S.-India agreement would discourage or encourage other states to sign the Nuclear Nonproliferation Treaty, and asked why the U.S. did not have India sign the NPT before agreeing to the deal? AA/S Record responded that cooperation between the U.S. and India would not undermine the NPT.

## Asian Regional Nonproliferation Efforts ) The ASEAN Regional Forum

(S) In response to ISN/RA,s Eliot Kang expression of hope for China to co-chair a 1540 seminar in ARF, DG Zhang noted that the U.S.-proposed seminar in the ARF and a workshop on 1540 implementation that China will host with the United Nations in July PRC 1540 conferences were scheduled too close to one another. (China,s seminar with the UN is to be held in July 2006; the U.S. seminar in the ARF will be held in Spring 2007). Beijing would not be willing to fund both conferences within such a short time period, considering that the participants for both eventswould be mostly the same. He stressed that China supported the proposal, and that its reasons for not co-chairing with the United States and Singapore were not political.

## Arms Control Issues

-----

## Fissile Material Cutoff Treaty

(S) AA/S Record stated that the Conference on Disarmament (CD) had been deadlocked for nearly ten years, and risked irrelevance if meaningful work does not start soon. He highlighted the Fissile Material Cutoff Treaty (FMCT) as one subject on which there is consensus, and stated that the U.S. believed a legally bindingban on the production of fissile



material would be an important contribution to strengthening the nuclear nonproliferation regime; the text proposed by the U.S. was designed to build on this consensus and break the deadlock. Record noted that the U.S. stopped producing fissile material for nuclear weapons in 1988, and encouraged China to publicly declare such a moratorium given that China is the only one out of the five NPT nuclear-weapon states to have not done so. VCI PDAS Christopher Ford stated that it was a U.S. priority to move forward with FMCT negotiations, and observed that collective experience in the CD revealed that one sure way to not/not make progress was to link in other issues, such as verification. PDAS Ford also stated that attempting the impossible, such as effective verification, was also a deal-breaker.

(S) DG Zhang stated that China had just received a draft of the U.S. proposal and would study it, but asserted that the U.S. must accommodate Beijing's concerns. He questioned the rationale and timing, and inquired if discussions had been held with other states, and if so, what the feedback was. Zhang emphasized that a verification element was useful to make the FMCT credible, and that a majority of states held the same view.

(S) VCI/NA Director Stanley Fraley informed DG Zhang that the U.S. had submitted a White Paper explaining U.S. policy, and offered to meet for further discussions. Zhang responded to the offer by directing the U.S. to China's Geneva delegation as the appropriate counterparts.

#### Convention on Conventional Weapons

(S) AA/S Record reaffirmed U.S. dedication to de-mining for humanitarian reasons and asked China not to block consensus on adopting a Mines Other Than Anti-Personnel Mines (MOTAPM) protocol in 2006. Record stated that the U.S. viewed the CCW as the best forum in which to take up the issue of an anti-vehicle mines protocol. DG Zhang stated that it was not a good idea to move forward with negotiations without support or participation from China or Russia, suggesting such an outcome may be useless and destroy consensus. Zhang said that countries' concerns must be resolved before starting negotiations, and that the Chinese package deal was a good compromise to the problem.

#### Extension of Chemical Weapons Convention Deadline

(S) AA/S Record reaffirmed U.S. commitment to the CWC, and noted that the U.S. has destroyed more than 10,000 tons (36%) of its chemical agent stockpile, at a cost of \$1.5 billion a year. Record confirmed that the U.S. requested an April 29, 2012 deadline (the latest date permitted by the CWC) but acknowledged that current projections indicate the U.S. will not meet this deadline. Record expressed U.S. desire to work constructively with China to secure approval of the U.S. request during the July meeting of the OPCW Executive Council.

(S) DG Zhang noted the U.S. request to extend the deadline, and expressed China's desire for all CW states to destroy weapons according to CWC obligations. He questioned whether Japan would also need an extension. Zhang indicated he understood problems countries, faced, and that China would look at all requests objectively and properly.<sup>8</sup>

#### Biological Weapons Convention

(S) AA/S Record registered U.S. disappointment with the Biological Weapons Convention (BWC) Preparatory Committee meeting, and encouraged China to help steer the RevCon toward addressing practical, relevant world problems requiring urgent attention in capitals, such as legislation and pathogen security.

(S) DG Zhang expressed his wish for a successful RevCon in November and stated that it should focus on: 1) reviewing the

past five year,s implementation efforts; 2) discussing outcomes of annual experts group meetings; 3) identifying future work in arms control and bio issues; 4) devising ways to strengthen cooperation in this area; and 5) aiming for practical multilateral measures to improve universal implementation of the BWC. Zhang indicated he did not know whether other states shared this view, but that Beijing would consult with BWC countries.

RICE

NNNN

End Cable Text